

Survey – Risk Management & implementation challenges

2010 Accountability Workshop – June 25, 2010
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Survey – Risk Management & implementation challenges

- Why?
 - RCN about to implement Risk Management on corporate/strategic level
 - due to central government directives
- Questionnaire sent to:
 - 31 people
 - at 23 research councils
 - in 13 countries

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Invitation to participate sent to the following research councils

- CSIRO (*Australia*)
- National Research Council of Canada (NRC) (*Canada*)
- European Commission, Research Directorate-General (*EC, Belgium*)
- European Commission, Joint Research Center, Institute for the protection of the Citizen (*EC, Italy*)
- European Science Foundation (ESF) (*France*)
- Deutsche Forschungsgemeinschaft (DFG) (*Germany*)
- Universität Kassel (*Germany*)
- Science Foundation Ireland (SFI) (*Ireland*)
- Japan Society for the Promotion of Science (JSPS) (*Japan*)
- Okinawa Institute of Science & Technology (*Japan*)
- Portuguese Foundation for Science & Technology (FCT) (*Portugal*)
- Swiss National Science Foundation (*Switzerland*)
- Netherlands Organisation for Scientific Research (NOW) (*The Netherlands*)
- Royal Netherlands Academy of Arts & Sciences (KNAW) (*The Netherlands*)
- Foundation for Fundamental Research On Matter (FOM) (*The Netherlands*)
- Leiden University (*The Netherlands*)
- University of Sussex (*United Kingdom*)
- ESRC (*United Kingdom*)
- Biotechnology & Biological Sciences Research Council (BBSRC) (*United Kingdom*)
- Engineering & Physical Sciences Research Council (EPSRC) (*United Kingdom*)
- University of Washington, Office of Sponsored Programs (*USA*)
- National Science Foundation (NSF) (*USA*)
- The Nature Conservancy (*USA*)

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- More than 50% replied:
 - 18 replies
 - 13 of 23 research councils participated (+ *some anonymous*)
 - 2 replies were blank
 - 1 respondent answered “not started” *when asked how far the organization is on its journey towards full implementation of risk management (i.e. qst 1)*
 - Analysis based on replies from remaining 15 respondents
 - Survey gives indications only – no statistical “conclusions”

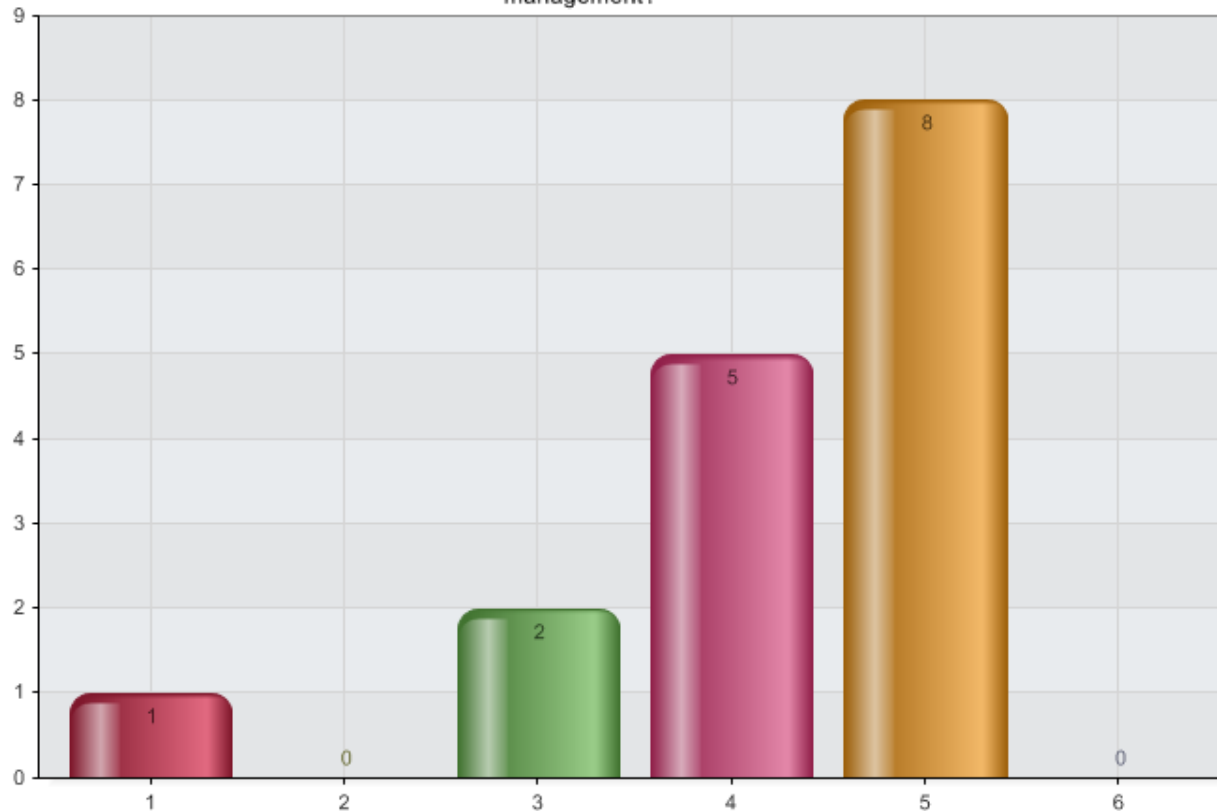
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General findings

- 13 of 16 organizations are well on their way towards full implementation of RM
(Qst 1 - alternative 4 & 5)
- 12 of 15 reply that RM has been integrated at corporate / strategic level *(Qst 2 - alternative 5 & 6)*
 - Trend still positive at lower levels, but less evident
- 10 of 15 indicate that frameworks have contributed to the development and implementation of RM
(Qst 3 - alternative 4, 5 & 6)
- 14 of 15 indicate that central government policies, directives and guidelines have contributed
(Qst 3 - alternative 4, 5 & 6)

1. How far do you consider your organization is on its journey towards full implementation of risk management?

4. 1. How far do you consider your organization is on its journey towards full implementation of risk management?



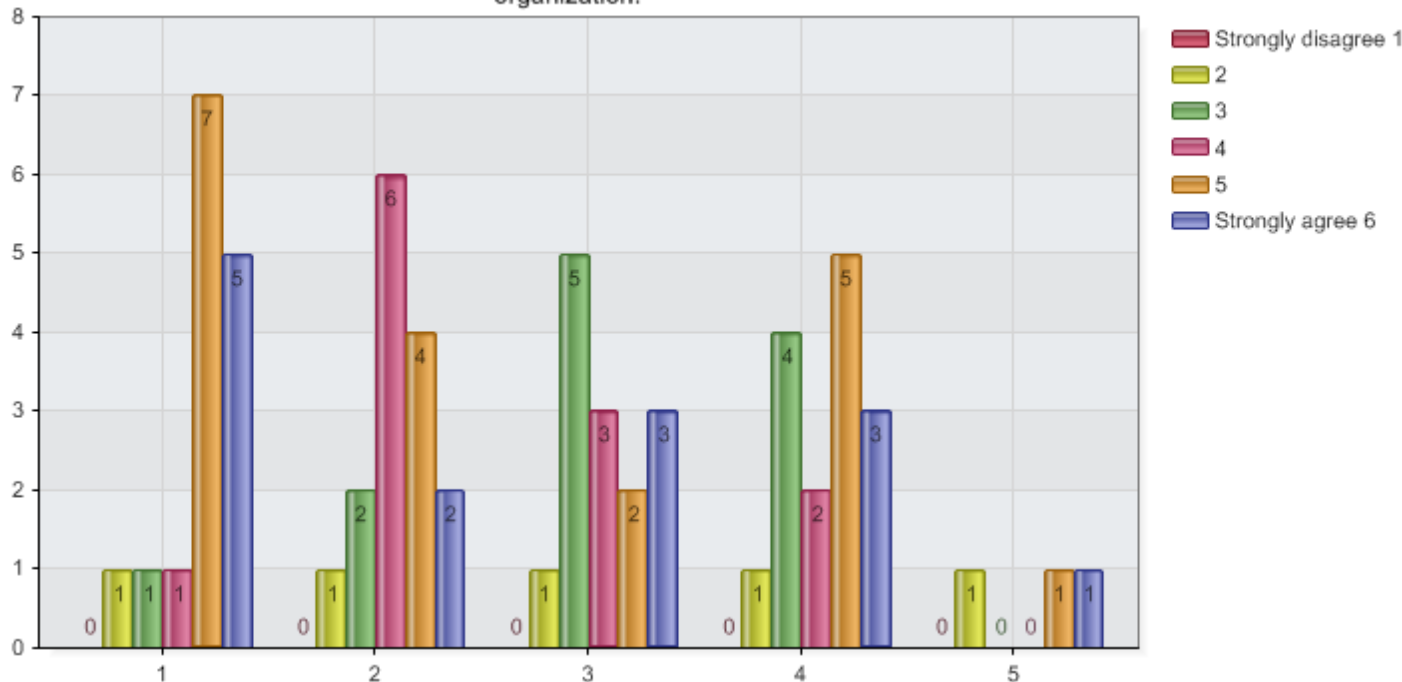
1
2
3
4
5
6

| | |
|---|---------------|
| 1 | Not started |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Best practice |

| | |
|---------|----|
| | N |
| Current | 16 |

2. Risk management has been integrated into the following organizational levels in your organization:

5. 2. Risk management has been integrated into the following organizational levels in your organization:

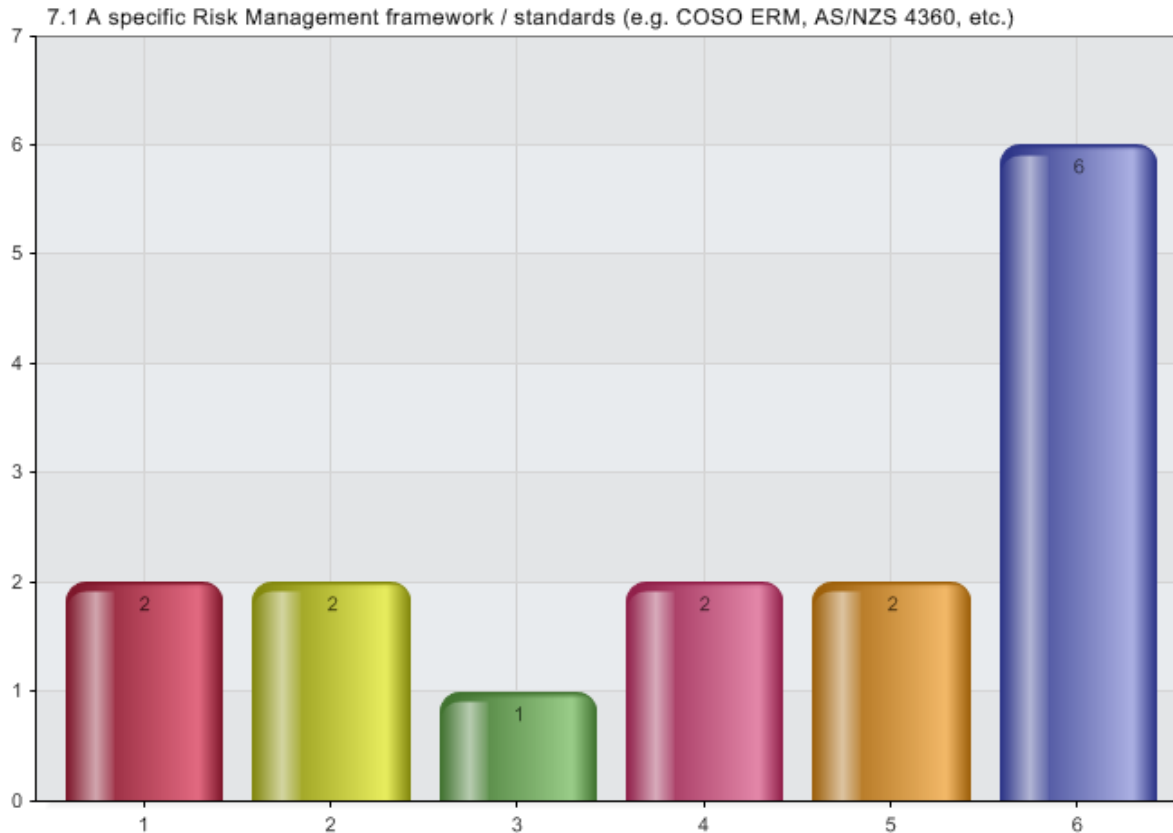


| | |
|---|-----------------------------------|
| 1 | Corporate / strategic (top level) |
| 2 | Division (2nd level) |
| 3 | Business unit (3rd level) |
| 4 | Project management |
| 5 | Other (please specify below) |

| | N |
|-----------------------------------|----|
| Corporate / strategic (top level) | 15 |
| Division (2nd level) | 15 |
| Business unit (3rd level) | 14 |
| Project management | 15 |
| Other (please specify below) | 3 |

3. The following have significantly contributed to the development and implementation of RM within your organization:

A specific RM framework/standards (e.g. COSO ERM, AS/NZS 4360, etc.)

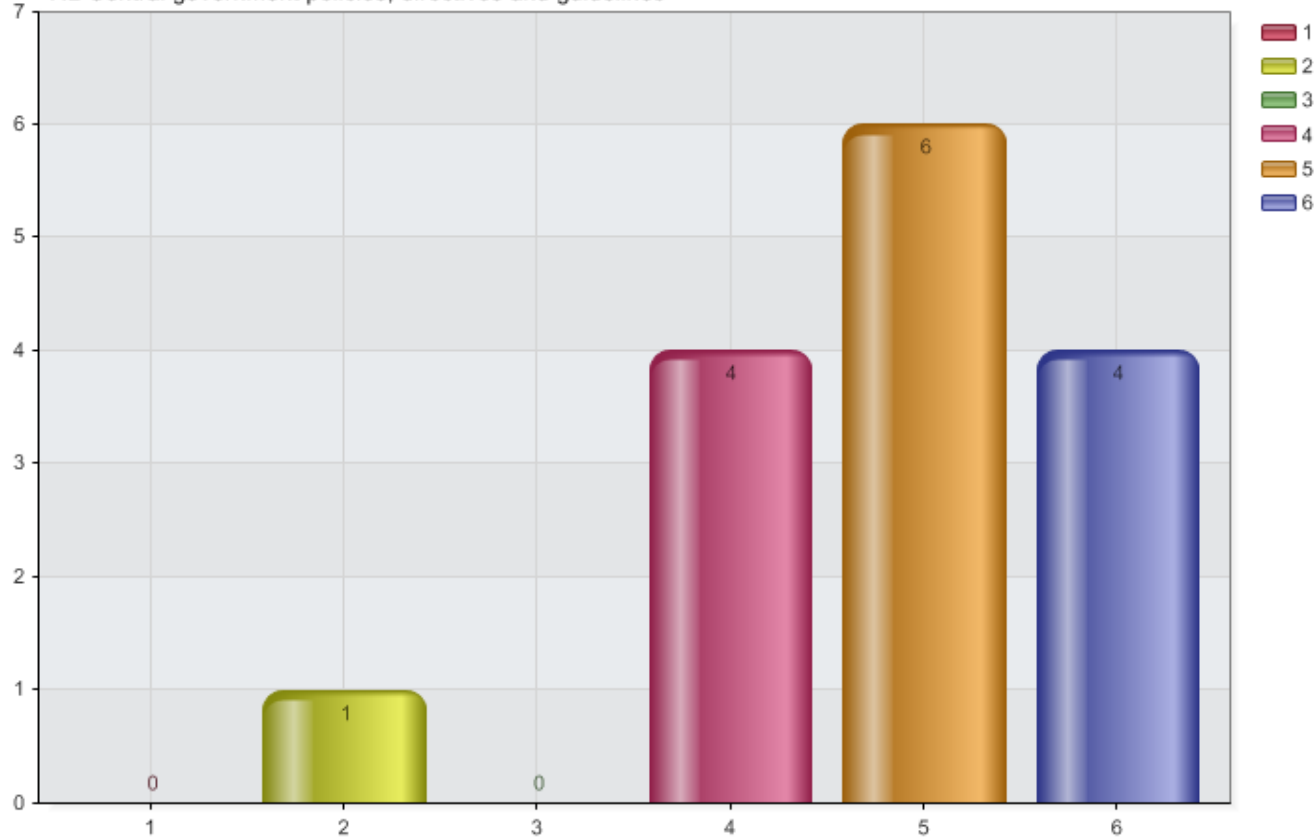


| | |
|---|-------------------|
| 1 | Strongly disagree |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Strongly agree |

| | |
|---------|----|
| | N |
| Current | 15 |

3. The following have significantly contributed to the development and implementation of RM within your organization: *Central government policies, directives and guidelines*

7.2 Central government policies, directives and guidelines



| | |
|---|-------------------|
| 1 | Strongly disagree |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Strongly agree |

| | |
|---------|----|
| | N |
| Current | 15 |

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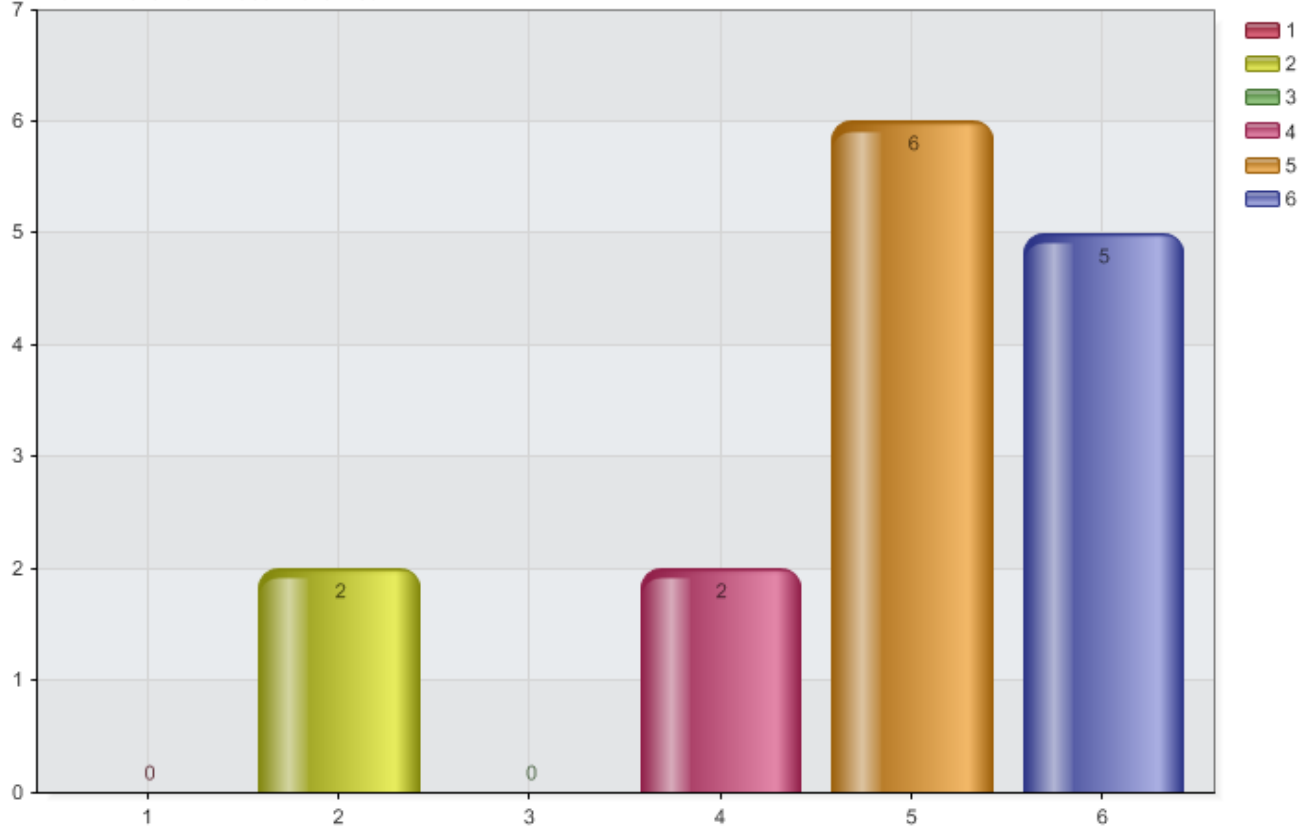
Commitment at the top

- CEO and Board are supportive and cooperative to the introduction and implementation of RM, (Qst 9)
 - Also good support from Executive management
 - Support decreases on lower organizational levels
- Establishment of executive sponsorship, support and focus – 10 of 15 say not challenging (Qst 5)
 - Establishment of line mgmt ownership of RM – quite challenging
 - Establishment of understanding of risk and risk mgmt across the organization – quite challenging

9. How supportive and cooperative was your organization to the introduction and implementation of RM?

The Chief Executive Officer

16.2 The Chief Executive Officer



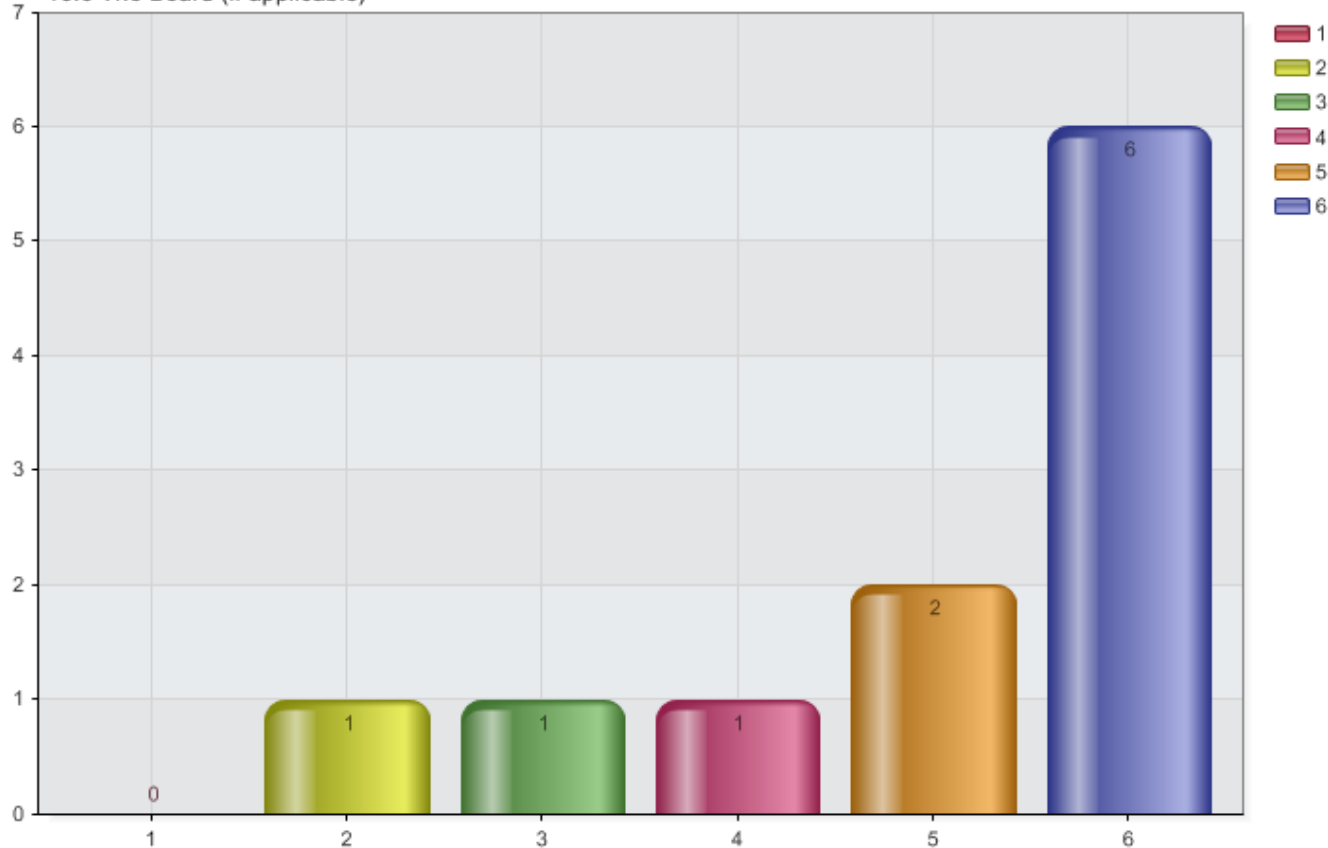
| | |
|---|---------------------|
| 1 | Very non-supportive |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Very supportive |

| | |
|---------|----|
| | N |
| Current | 15 |

9. How supportive and cooperative was your organization to the introduction and implementation of RM?

The Board (if applicable)

16.6 The Board (if applicable)

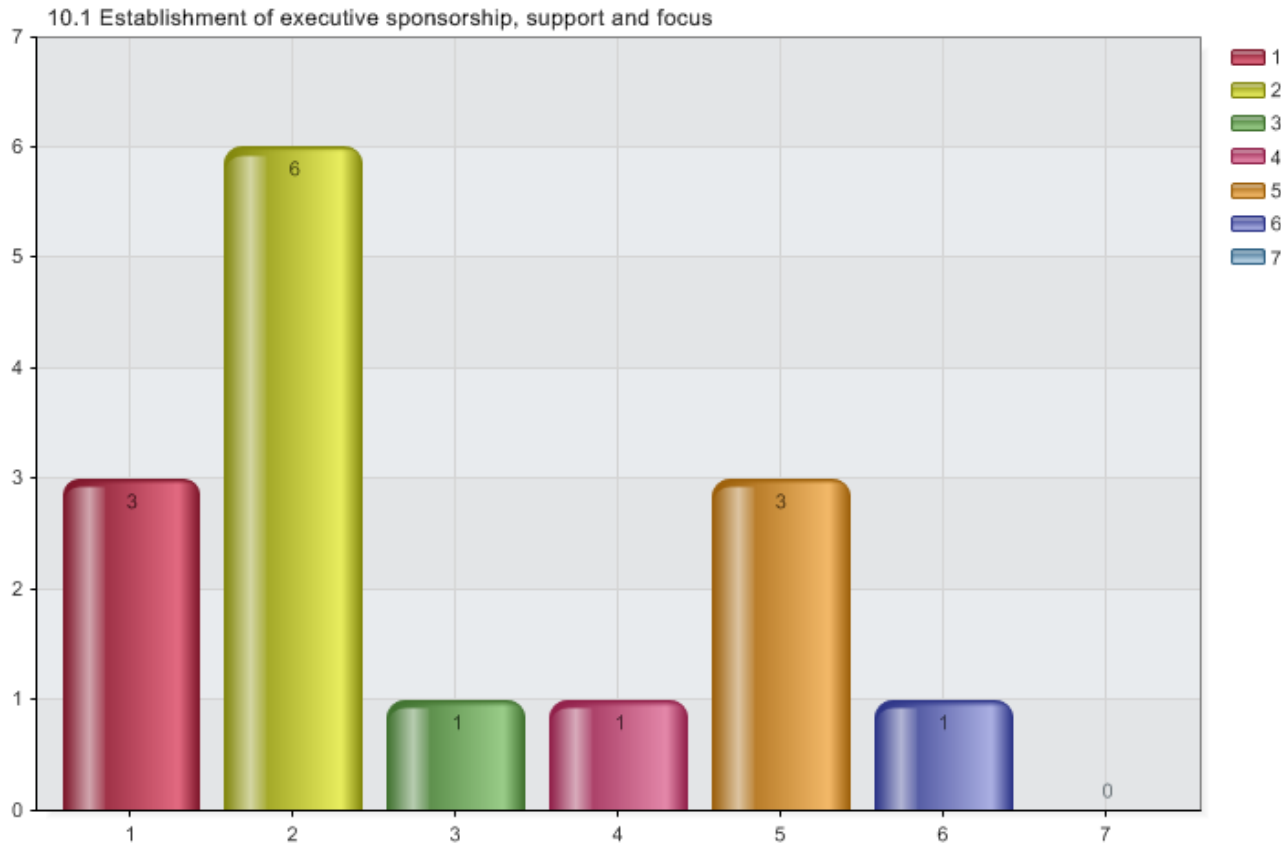


| | |
|---|---------------------|
| 1 | Very non-supportive |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Very supportive |

| | N |
|---------|----|
| Current | 11 |

5. How challenging did you find the various components when implementing RM?

Establishment of executive sponsorship, support and focus



| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

5. How challenging did you find the various components when implementing RM?

Establishment of line management ownership of risk management

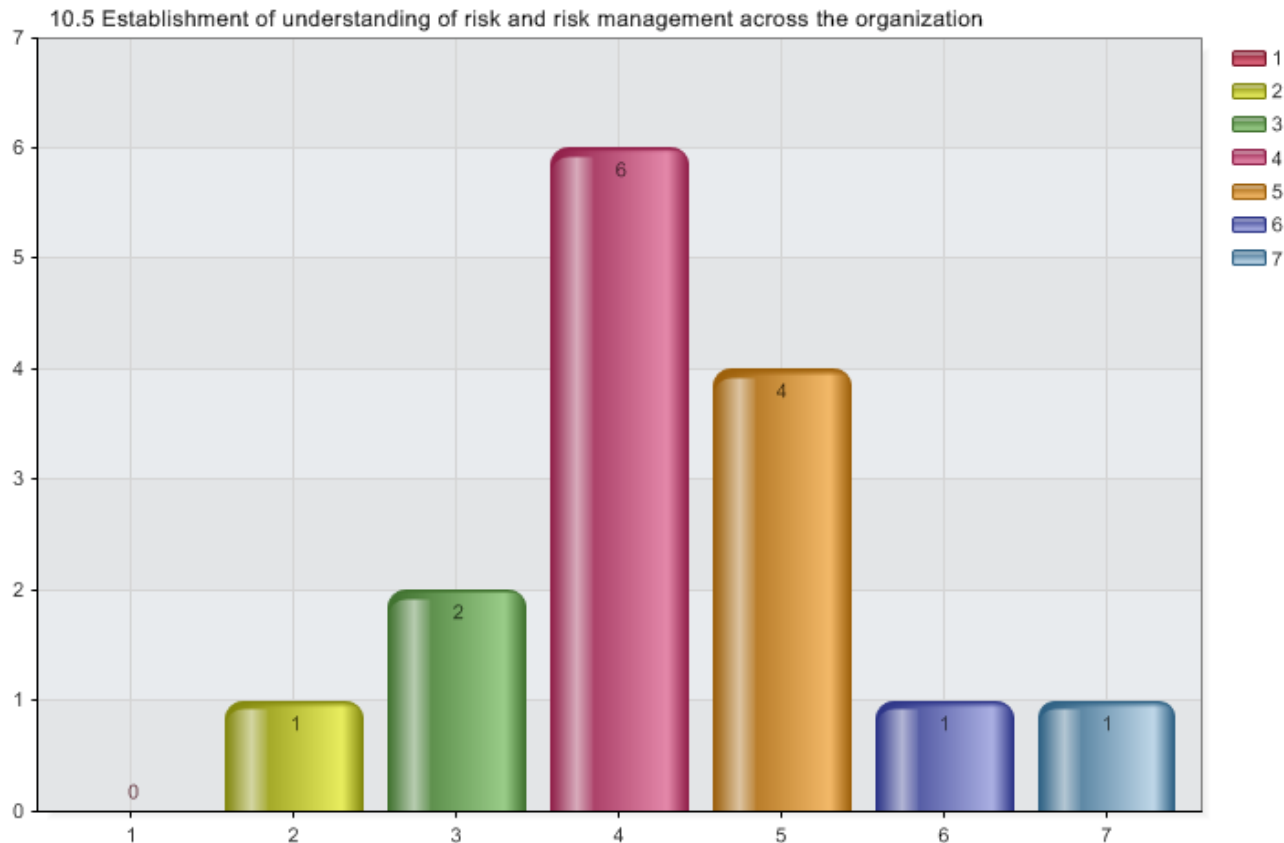


| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

5. How challenging did you find the various components when implementing RM?

Establishment of understanding of risk and RM across the organization



| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

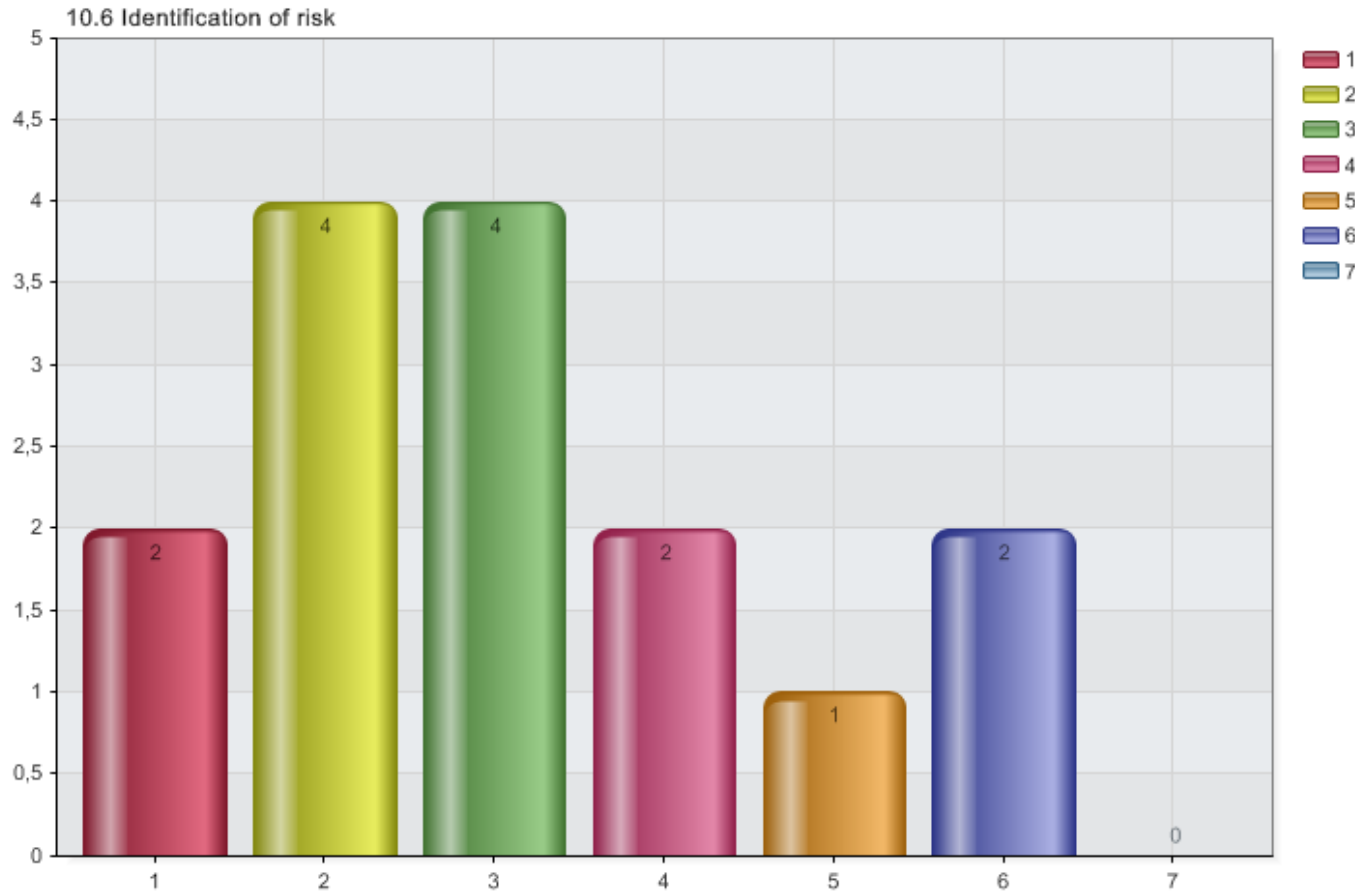
| | |
|---------|----|
| | N |
| Current | 15 |

Survey – Risk Management & implementation challenges

Implementation challenges vs. effectiveness

- Survey results indicate a slight reverse correlation between implementation challenges and how effective the corresponding components of RM are in an organization (Qst 5 vs. qst 12)
 - *Identification of risk and Risk assessment* - not as challenging (according to trend) (Qst 5)
 - *Identification of risk and Risk assessment* – are both quite effective in the organizations (according to trend) (Qst 12)

5. How challenging did you find the various components when implementing RM? *Identification of risk*

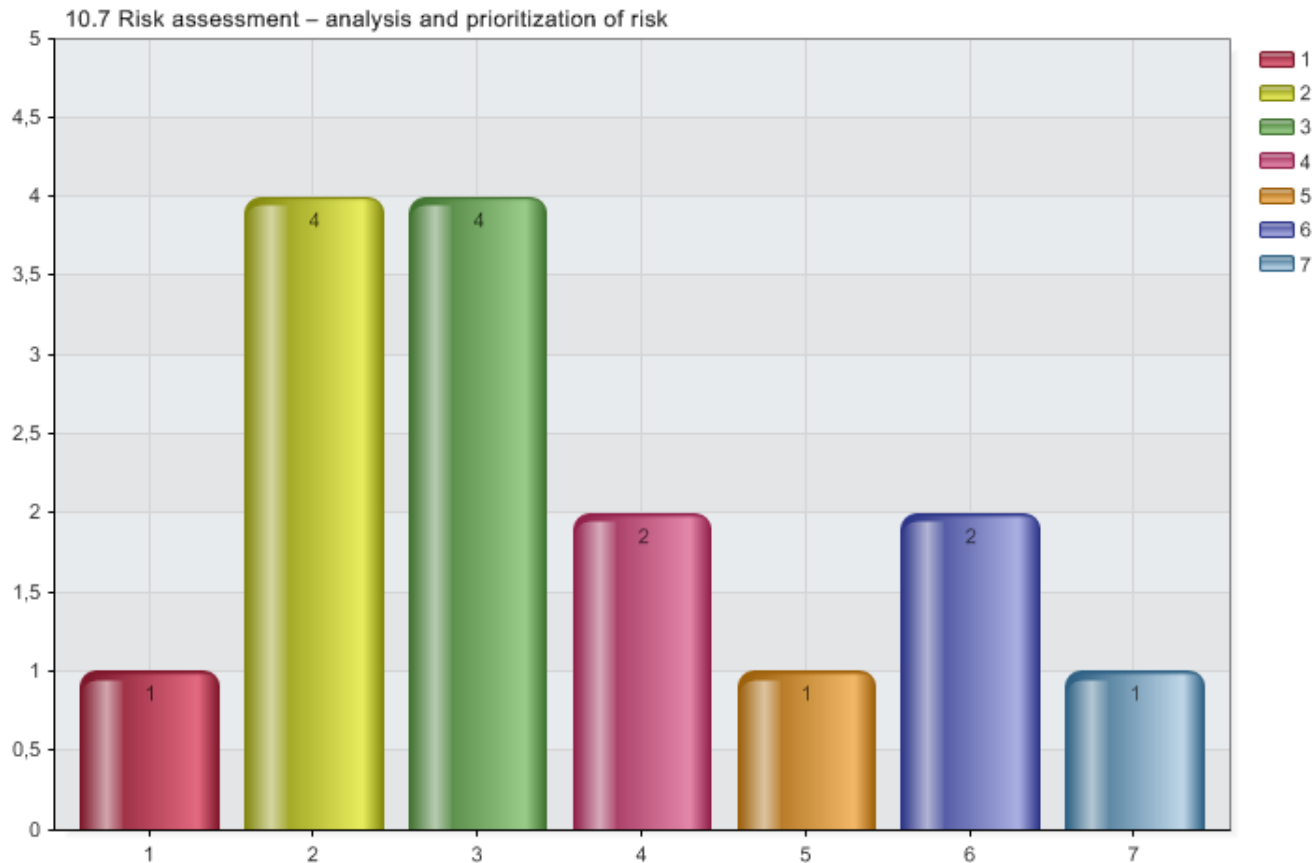


| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

5. How challenging did you find the various components when implementing RM?

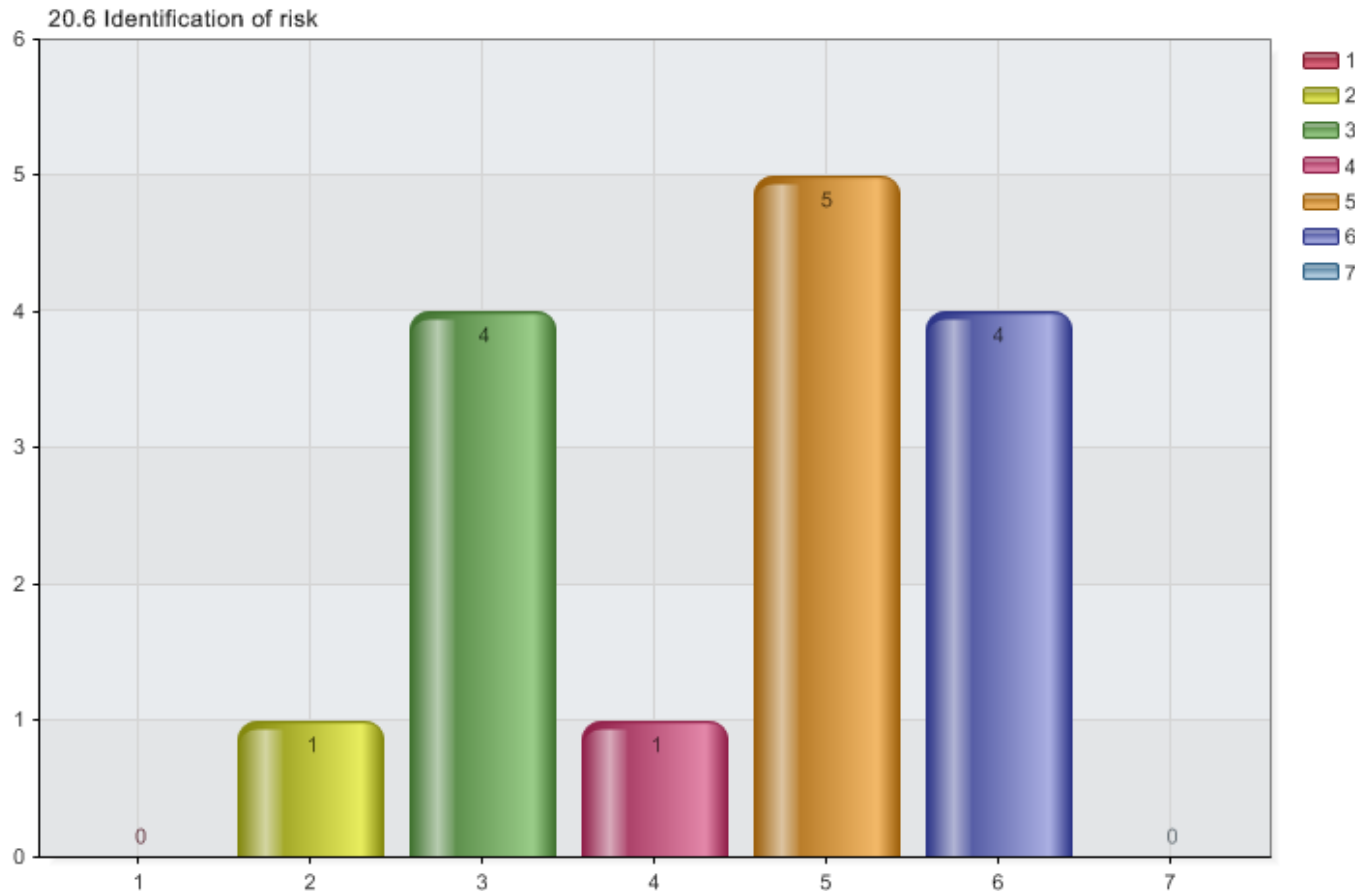
Risk assessment – analysis and prioritization of risk



| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

12. Which of the following components of RM are effective in your organization? *Identification of risk*



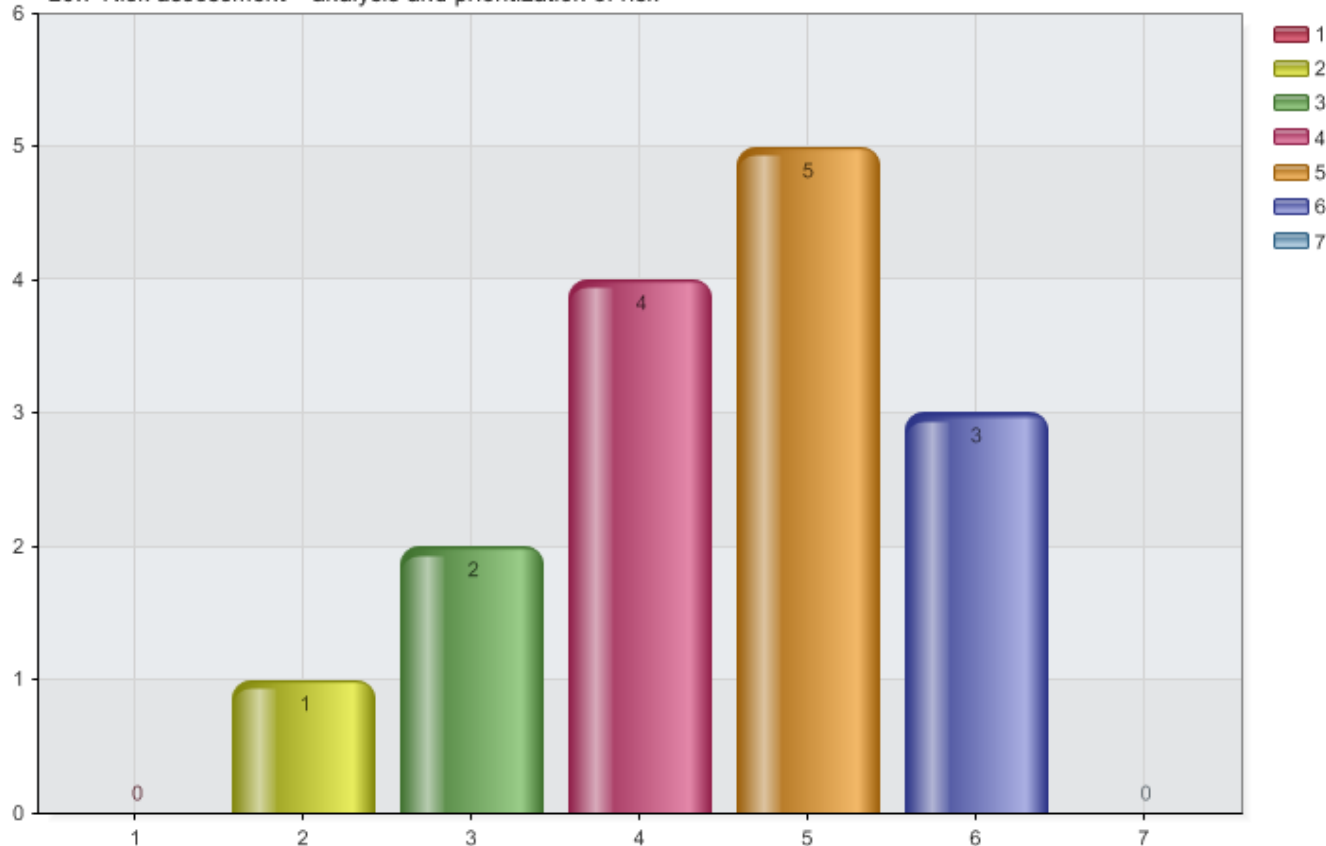
| | |
|---|--------------|
| 1 | Ineffective |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Effective |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

12. Which of the following components of RM are effective in your organization?

Risk assessment – analysis and prioritization of risk

20.7 Risk assessment – analysis and prioritization of risk



| | |
|---|--------------|
| 1 | Ineffective |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Effective |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

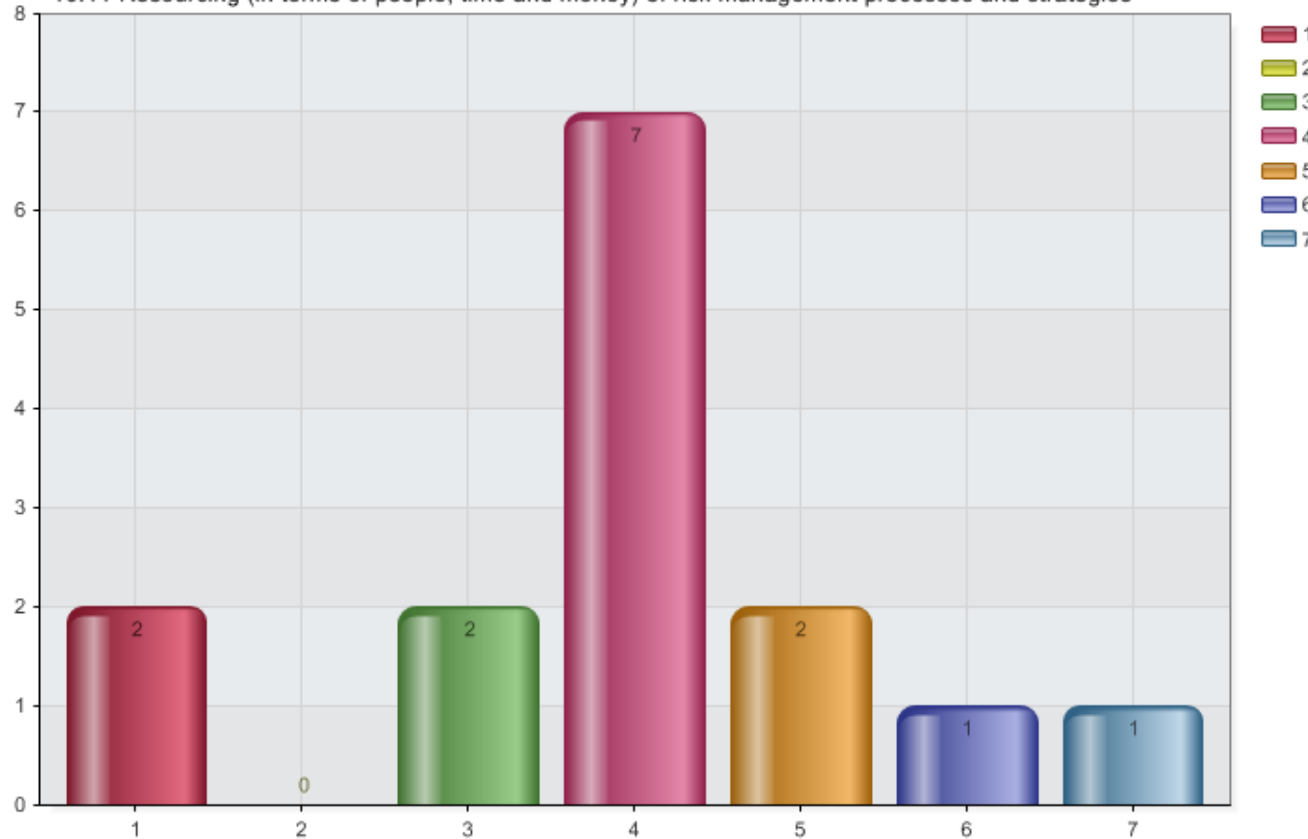
Survey – Risk Management & implementation challenges Resourcing

- 10 of 14 indicate that resourcing (in terms of people, time and money) of RM processes and strategies have been relatively challenging (Qst 5)
- 10 of 15 still indicate that resourcing is quite effective in their organization (Qst 12)
- Survey indicates to some extent that organizations with high degree of support from CEO
 - have less challenges with resourcing
 - resourcing is also more effective in those organizations

5. How challenging did you find the various components when implementing RM?

Resourcing (people, time and money) of RM processes and strategies

10.11 Resourcing (in terms of people, time and money) of risk management processes and strategies

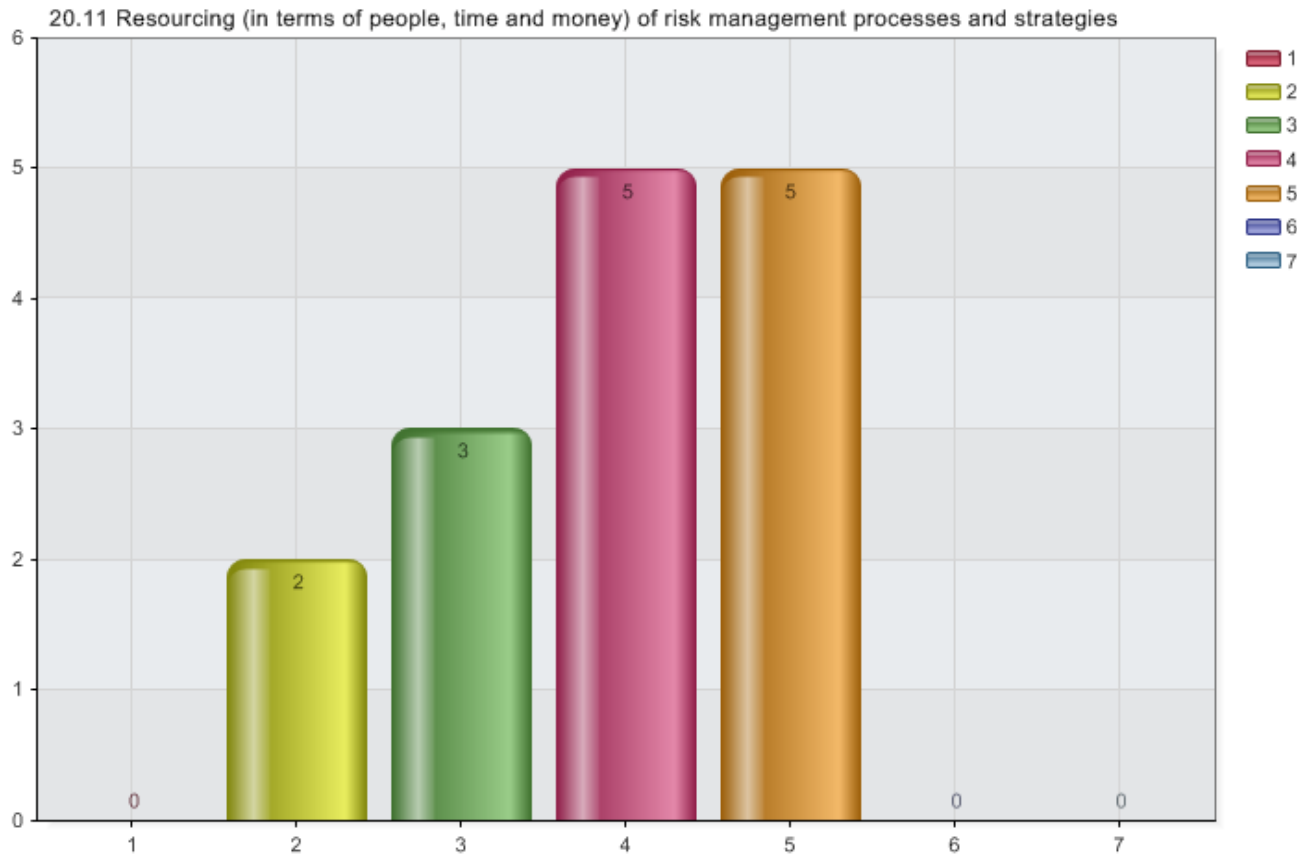


| | |
|---|-----------------------|
| 1 | Not challenging |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Extremely challenging |
| 7 | Not in place |

| | |
|---------|----|
| | N |
| Current | 15 |

12. Which of the following components of RM are effective in your organization?

Resourcing (people, time and money) of RM processes and strategies



| | |
|---|--------------|
| 1 | Ineffective |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Effective |
| 7 | Not in place |

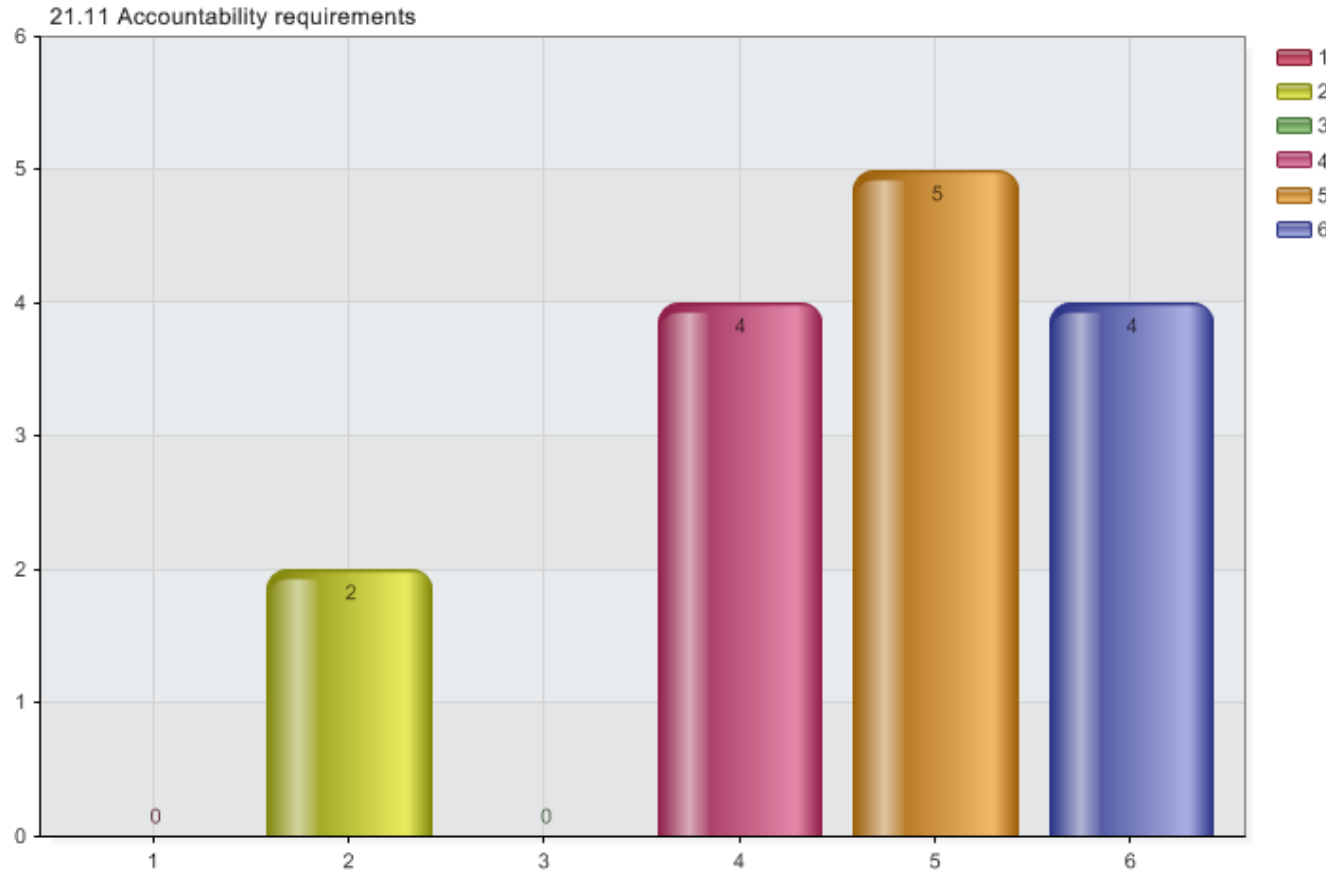
| | |
|---------|----|
| | N |
| Current | 15 |

Survey – Risk Management & implementation challenges

- 13 of 15 respondents answered that RM has improved performance and/or outcomes regarding *Accountability requirements (Qst 13)*
- RM has also improved performance/outcomes for most of the other components, particularly:
 - Management reporting
 - Communication in the organization
 - Reputation management

13. To what degree has RM improved performance and/or outcomes in the following ares?

Accountability requirements



| | |
|---|---------------|
| 1 | Not at all |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| 5 | 5 |
| 6 | Significantly |

| | |
|---------|----|
| | N |
| Current | 15 |

Survey – Risk Management & implementation challenges

- Most critical factors to succeed with RM:
 - Commitment at the top
 - Clear communication
 - Clear, simple framework and guidelines/standards
(i.e. good, clear process + common understanding of process)
 - Integration with normal business processes
 - Sufficient resources

Survey – Risk Management & implementation challenges

- Survey indicates that several of the organizations have faced similar challenges along the way
- Can we benefit from other organizations' experiences with RM?
- Respondents have expressed an interest in sharing of information between different countries